GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2568
ANSWERED ON:18.08.2006
NOC FOR CROP LOAN
Khan Shri Mohammad Tahir;Patle Shri Shishupal Natthu;Rawat Shri Ashok Kumar;Shiwankar Shri Maha Deo Rao;Yadav Shri Kailash Nath Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the farmers have to obtain `No Objection Certificates` from all the banks of their area to seek crop loans from the Government ;

(b) if so, the details thereof ;

(c) whether this scheme has been introduced in all the States and by all the banks ;

(d) if so, whether banks are charging uniform fee for issuing NOC ;

(e) whether the Government are contemplating to direct the banks to issue NOCs free of cost in the interest of the farmers; and

(f) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (f) Reserve Bank of India had dispensed with production of `No dues Certificate by borrowers as a compulsory requirement in 1998 to avoid delay in sanction and disbursement of loans.However, banks at their discretion may take steps considered necessary to avoid multiple financing.

RBIs mid-term review of the annual policy statement for the year 2004-05 had dispensed with the restrictive provisions of the Service Area Approach SAA).Accordingly.scheduled commercial banks including RRBs,were advised in December 2004,to dispense with requirement of obtaining `no dues certificate` from the service area branch for lending by non-service area branch also.

Similarly,NABARD Had issued insstructions to Registrar of Cooperative Societies to dispense with production of no dues certificate form banks/institutions by borrowers as a compulsory requirement.

RBI and NABARD have not issued any instruction to banks in respect of charges for the purpose of issue of no dues certificate.